

Daily Dairy Report

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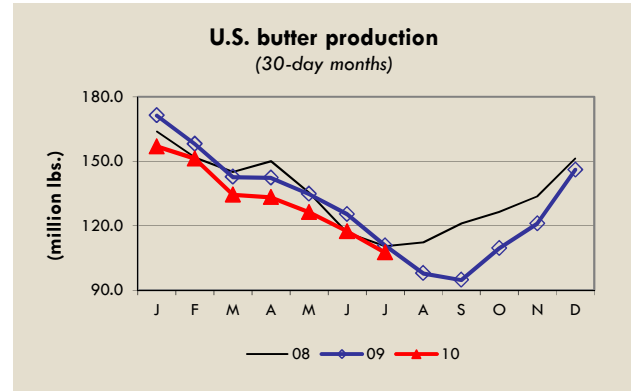
Corn rises to 15-month high

Spot dairy prices were steady coming out of the holiday weekend. A load of barrels traded but there was no activity on blocks or butter. Milk futures were a few cents higher in the front months, a few cents lower in the early 2011 contracts. Whey futures were mostly lower, but the rest of the dairy complex was steady.

Corn prices continue to climb ahead of Friday's "Crop Production" report. DEC corn settled at \$4.66 today, up 46¢ from a month ago, and just 4¢ below the June 2009 contract high. Analysts anticipate yield estimates will be trimmed from August's report. In addition, Russia extended its export ban on wheat to 2011, adding further uncertainty to global grain supplies. Dairy producers had benefited from lower corn prices this year than they saw in either 2008 or 2009.

In the first seven months of the year, U.S. butter production was down 5.9% from a year ago, according to USDA's "Dairy Products" report released last week (see chart).

Last week, CWT approved four bids to provide assistance on exports of 1.8 million lbs. of cheese. Delivery will take place September-December. Since re-opening the program in late March, CWT has agreed to bonuses for 43.8 million lbs. of cheese and 33.1 million lbs. of butterfat. **cme group**



FUTURES & OPTIONS VOLUME AND OPEN INTEREST

Futures Volume and Open Interest

	Volume	Open Interest
Class III [6 Pit, 834 Electronic]	840	28,911
Class IV	0	375
NDM (cash settle)	27	1,927
Dry whey	5	1,916
Butter (cash settle)	58	3,205
Cheese	1	428

Options Volume and Open Interest

	Volume	Open Interest
Class III	1,053	34,541
Class IV	0	15
Class III midi	0	314
Dry whey	0	84
Butter (cash settle)	0	65

Futures and options volume and open interest from previous trading day.

SPOT PRICES (with change from previous day): Block cheese \$1.7200 (NC) • Barrel cheese \$1.6850 (NC) • AA Butter \$2.2250 (NC) • NDM Extra Grade \$1.2250 (NC) • NDM Grade A \$1.2300 (NC) **MILK PRICES** (with change from previous month): August Class III milk (USDA) \$15.18 (+\$1.44) • August Class IV milk (USDA) \$15.61 (-\$0.14)

September 7 Trading Activity

	Class III Futures				Class III Options Calls		Class III Options Puts		Dry Whey Futures		NDM Futures		Butter Futures – Cash settle	
	Settle (\$)	chg. (¢)	volume	& open interest from previous day	Settle (\$)	chg. (¢)	Settle (\$)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)	Settle (¢)	chg. (¢)
SEP 10	16.19	+3	44	4900	16.25 @ 0.04	-2	16.00 @ 0.01	-3	36.250	NC	116.250	NC	212.500	NC
OCT	15.64	+1	205	4984	15.75 @ 0.30	-2	15.50 @ 0.28	-3	37.000	NC	120.000	NC	207.000	NC
NOV	14.97	+3	87	4102	15.00 @ 0.45	NC	14.75 @ 0.36	-2	36.000	+0.500	120.000	NC	188.000	NC
DEC	14.55	+5	76	4164	14.75 @ 0.43	+2	14.50 @ 0.49	-3	33.000	-2.000	119.970	NC	172.750	NC
JAN 11	14.00	-4	77	1504	14.00 @ 0.59	-3	14.00 @ 0.59	+1	34.500	NC	118.500	NC	161.500	-1.500
FEB	13.80	NC	78	1168	14.00 @ 0.54	-1	13.75 @ 0.61	NC	33.000	+0.500	117.750	NC	157.500	NC
MAR	13.88	-2	76	1179	14.00 @ 0.63	-1	13.75 @ 0.62	+1	30.800	NC	116.500	NC	157.500	NC
APR	13.77	-7	46	629	14.00 @ 0.64	-4	13.75 @ 0.73	+2	30.000	NC	115.000	NC	157.000	NC
MAY	13.85	-5	39	542	14.00 @ 0.73	-3	13.75 @ 0.75	+2	30.000	NC	115.000	+0.500	157.000	NC
JUN	13.95	NC	27	441	14.00 @ 0.82	-1	13.75 @ 0.74	-1	29.500	-0.500	110.000	NC	158.000	NC
JUL	14.20	NC	26	267	14.25 @ 0.91	-1	14.00 @ 0.83	-1	30.250	-0.500	111.000	NC	157.500	NC
AUG	14.50	NC	14	184	14.50 @ 1.00	NC	14.50 @ 1.00	NC	32.000	+0.250	112.500	NC	160.000	NC

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